Key Takeaways

- The ALPS Medical Breakthroughs ETF returned -0.58% during the month of September 2020 as investors mull on whether more stimulus will be provided to keep the U.S. post-pandemic recovery on track.
- SBIO’s Cancer segment contributed positive performance to the fund as a number of companies provided positive clinical updates during several major health care conferences that took place in September.
- **Company Spotlight:** Blueprint Medicines Corp (BPMC; 3.69% weight*), a biotech company focused on developing treatments for cancer, rose 19.72% in September 2020 after receiving approval by the European Commission for its gastrointestinal tract cancer treatment.

Performance Notes

- SBIO returned -0.58% in September as the broader market declined on news that an additional round of stimulus relief was unlikely to be approved by Congress. Additionally, flare-ups of the virus were reported in pockets of the U.S. in September, threatening a fragile post-pandemic recovery.
- SBIO slightly underperformed the broader, large-cap biotechnology industry, which is represented by the Nasdaq Biotechnology Index, in September as large-cap biotechnology announced clinical trial advances in the race to develop a COVID-19 vaccine.

Strategy Breakdown

- SBIO screens for small- to mid-cap biotech companies with at least one drug or therapy in Phase II or Phase III (late-stage) clinical trials
  - Late stage drug trials can potentially capture greater odds of success as they are further along the Food & Drug Administration (FDA) drug trial process.
- SBIO constituents must have at least 24 months of cash burn on hand
  - This quality screen helps to protect against the equity dilution that comes with raising capital to support drug trials.

Contribution to Return by Treatment Focus

- SBIO’s Cancer segment led the portfolio’s positive performance in September 2020 as a number of holdings provided positive updates on clinical trial developments. Zymeworks Inc. (ZYME; 1.53% weight*), a cancer immunotherapy company, rose 43.68% after announcing a collaboration deal with ImmunoPrecise (not in SBIO) to develop a COVID-19 antibody candidate.
- Kura Oncology (KURA; 1.24% weight*), which focuses on developing treatments for tumors and blood cancer, returned 23.10% in September after increasing 51.40% in the previous month. The cancer treatment company received a number of price target increases from sell-side research analysts after providing positive updates on its antibody cancer drug.
- Also within the Cancer segment, Deciphera Pharmaceuticals (DCPH; 2.08% weight*) rose 13.97% in September releasing positive clinical data on its ovarian and solid tumor cancer treatment.

Performance as of 09/30/2020.

Performance data quoted represents past performance, which is not a guarantee of future results. Current performance may be lower or higher than the performance quoted. You can obtain performance data current to the most recent month end by calling (866)759-5679 or visit www.alpsfunds.com.

For standardized performance, please see Page 3.

**Source:** Bloomberg L.P., as of 09/30/2020.

Past performance is not indicative of future results.
Valuation Update

- The S-Network Medical Breakthroughs Index (PMBI) has a weighted average cash-burn that continues to exceed peer biotechnology indexes, and is a distinguishing defensive characteristic for the fund.
- PMBI’s holdings have an average market value of $3.01 billion, with 61.04% classified as mid-caps, 38.96% classified as small-caps, and no large cap biotech exposure.

<table>
<thead>
<tr>
<th>Index Characteristics</th>
<th>S-Network Medical Breakthroughs Index</th>
<th>S&amp;P Biotechnology Select Industry Index</th>
<th>Nasdaq Biotechnology Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Constituents</td>
<td>89</td>
<td>141</td>
<td>205</td>
</tr>
<tr>
<td>Weighted Average Market Cap ($ million)</td>
<td>$3,098</td>
<td>$9,789</td>
<td>$38,837</td>
</tr>
<tr>
<td>Price/Sales</td>
<td>11.82x</td>
<td>9.32x</td>
<td>7.01x</td>
</tr>
<tr>
<td>Cash burn (months)</td>
<td>33.00</td>
<td>18.66</td>
<td>31.29</td>
</tr>
</tbody>
</table>

Source: Bloomberg L.P., as of 09/30/2020.

Past performance is not indicative of future results.

September 2020 Company Spotlight

Company: **Blueprint Medicines Corp (BPMC)**

Weight: **3.69%**

Focus Group: **Cancer**

- Blueprint Medicines Corp is an immunotherapy company that is focused on developing antibody-based treatments for various types of cancers such as liver cancer, non-small cell lung cancer, thyroid cancer, etc.
- Shares of BPMC rose 19.72% in September 2020 after receiving approval by the European Commission for its gastrointestinal tract cancer treatment. In addition, China approved the import of BPMC’s anti-cancer drug, Prasertinib. The drug is used in the treatment of non-small cell lung cancers. Local officials noted that this is the first instance of such a medicine being brought into the country, after having been fast-tracked for approval by the China National Medical Products Administration.

* Weight in SBIO as of 09/30/20
Monthly Insights | September 2020

ALPS Medical Breakthroughs ETF

SBIO Performance as of 9/30/20

<table>
<thead>
<tr>
<th>Total Returns</th>
<th>Cumulative as of 9/30/20</th>
<th>Annualized as of 9/30/20</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1 Mo.</td>
<td>3 Mo.</td>
</tr>
<tr>
<td>ALPS Medical Breakthroughs ETF (Net Asset Value)</td>
<td>-0.58%</td>
<td>-1.60%</td>
</tr>
<tr>
<td>ALPS Medical Breakthroughs ETF (Market Price)</td>
<td>-0.65%</td>
<td>-1.65%</td>
</tr>
<tr>
<td>S-Network Medical Breakthroughs Total Return Index (Benchmark)</td>
<td>-0.56%</td>
<td>-1.51%</td>
</tr>
</tbody>
</table>

Performance data quoted represents past performance. Past performance does not guarantee future results. Current performance may be higher or lower than actual data quoted. Call 1.866.675.2639 or visit www.alpfunds.com for current month end performance. The investment return and principal value of an investment will fluctuate so that an investor’s shares, when redeemed, may be worth more or less than their original cost.

1 Fund inception date of 12/30/14.
2 Market Price is based on the midpoint of the bid/ask spread at 4 p.m. ET and does not represent the returns an investor would receive if shares were traded at other times.

Gross Expense Ratio: 0.50%

Top 10 Holdings (%)

<table>
<thead>
<tr>
<th>Holdings</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mirati Therapeutics Inc</td>
<td>5.34%</td>
</tr>
<tr>
<td>Acceleron Pharma Inc</td>
<td>4.86%</td>
</tr>
<tr>
<td>Emergent BioSolutions Inc</td>
<td>3.94%</td>
</tr>
<tr>
<td>Blueprint Medicines Corp</td>
<td>3.69%</td>
</tr>
<tr>
<td>United Therapeutics Corp</td>
<td>3.23%</td>
</tr>
<tr>
<td>Arrowhead Pharmaceuticals Inc</td>
<td>3.18%</td>
</tr>
<tr>
<td>Vir Biotechnology Inc</td>
<td>3.14%</td>
</tr>
<tr>
<td>Arena Pharmaceuticals Inc</td>
<td>3.11%</td>
</tr>
<tr>
<td>MorphoSys AG</td>
<td>3.01%</td>
</tr>
<tr>
<td>Allakos Inc</td>
<td>2.87%</td>
</tr>
</tbody>
</table>

As of 09/30/20
Holdings subject to change without notice.

Treatment Focus Breakdown

- Cancer: 32.81%
- Rare & Orphan Diseases: 27.79%
- DREEN (Dermatology, Respiratory, Eye, Ear, Neurology): 25.49%
- Cardiology & Hematology: 13.91%

Source: S-Network Global Indexes, as of 09/30/20.
Holdings subject to change.
Important Disclosures & Definitions

An investor should consider the investment objectives, risks, charges and expenses carefully before investing. To obtain a prospectus which contain this and other information call 844.234.5852 or visit www.alpsfunds.com. Read the prospectus carefully before investing.

Shares are not individually redeemable and the owners of shares may purchase or redeem shares from a fund in creation units (blocks of 50,000 shares) only.

This fund may not be suitable for all investors. There are risks involved with investing in ETFs including the loss of money. The Fund is considered non-diversified and as a result may experience great volatility than a diversified fund. The Fund’s investments are concentrated in the pharmaceuticals and biotechnology industries, and underperformance in these areas will result in underperformance in the Fund. Investments in small and micro capitalization companies are more volatile than companies with larger market capitalizations.

Companies in the pharmaceuticals and biotechnology industry may be subject to extensive litigation based on product liability and similar claims. Legislation introduced or considered by certain governments on such industries or on the healthcare sector cannot be predicted.

Companies in the pharmaceuticals industry are subject to competitive forces that may make it difficult to raise prices and, in fact, may result in price discounting. The profitability of some companies in the pharmaceuticals industry may be dependent on a relatively limited number of products. In addition, their products can become obsolete due to industry innovation, changes in technologies or other market developments. Many new products in the pharmaceuticals industry are subject to government approvals, regulation and reimbursement rates. The process of obtaining government approvals may be long and costly. Many companies in the pharmaceuticals industry are heavily dependent on patents and intellectual property rights. The loss or impairment of these rights may adversely affect the profitability of these companies.

The development of new drugs generally has a high failure rate, and such failures may negatively impact the stock price of the company developing the failed drug. Biotechnology companies may have persistent losses during a new product’s transition from development to production. In order to fund operations, biotechnology companies may require financing from the capital markets, which may not always be available on satisfactory terms or at all.

The S-Network Medical Breakthroughs Index (PMBI) is designed to capture research and development opportunities in the biotechnology industry. PMBI consists of small- to mid-cap biotechnology stocks listed on US exchanges that have one or more drugs in either Phase II or Phase III US FDA clinical trials. The total return includes the reinvestment of cash dividends.

The NASDAQ Biotechnology Total Return Index is a modified market capitalization-weighted index designed to measure the performance of all NASDAQ stocks in the biotechnology sector. The index was developed with a base value of 200 as of November 1, 1993. The total return includes the reinvestment of cash dividends.

The S&P Biotechnology Select Industry Total Return Index is comprised of stocks in the S&P total market index that are classified in the GICS Biotechnology sub-industry. The total return includes the reinvestment of cash dividends.

One may not invest directly in an index.

ALPS Portfolio Solutions Distributor, Inc. is the distributor for the ALPS Medical Breakthroughs ETF.

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